



Capital Planning Committee

REPORT TO TOWN MEETING

Stephen J. Andrew
Sandy Pooler
Charles T. Foskett, Chairman
Michael Morse
Richard Viscay
Anthony T. Lionetta, Secretary
Brian H. Rehrig, Vice-Chairman
Barbara Thornton

Moderator Appointee
Deputy Town Manager
FinCom Designee
Town Treasurer Designee
Town Comptroller
Moderator Appointee
Moderator Appointee
Moderator Appointee

Proposition 2½: Non-Exempt vs. Exempt

- ▶ Proposition 2½: State law enacted in 1980 limiting the tax levy to 2.5% of fair valuation and limiting increase in the levy to 2.5% of the prior levy plus new growth.
- ▶ Non-Exempt: Not exempt from the limits of Proposition 2½. Expenditures fall inside allowed tax growth limits of 2.5% per year plus new growth.
- ▶ Exempt: Expenditures are added to the tax-rate above the limits of Proposition 2½ via
 - ▶ Override referendum raising the overall tax rate beyond the limits of Proposition 2½ indefinitely, or
 - ▶ Debt Exclusion referendum which raises the tax rate to pay off specific borrowing

Capital Budget and Plan

- ▶ The Capital Budget and Plan generally manage *non-exempt* capital expenditures (the Town Manager's Capital Budget)
- ▶ Citizen votes on debt-exclusion referenda generally manage *exempt* capital expenditures
- ▶ Since most Town expenditures by law must be appropriated by Town Meeting, Article 34 in the Annual Town Meeting votes appropriations for both exempt and non-exempt expenditures
- ▶ Articles 3 and 4 in the Special Town Meeting address both non-exempt and exempt capital expenditures

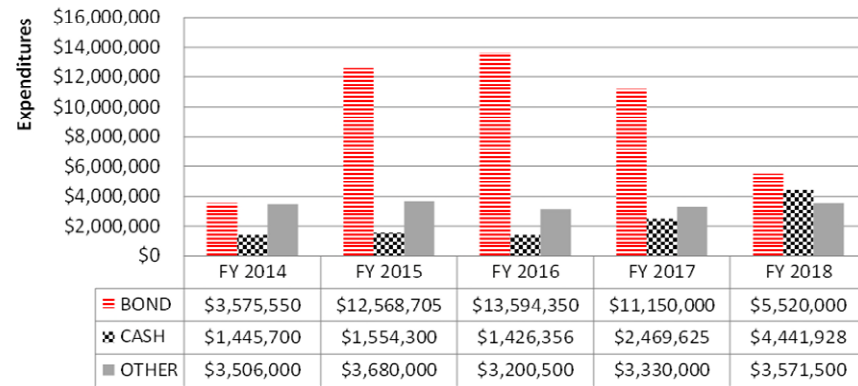
Non-Exempt Capital Five Year History by Funding Source

FY 2018 Capital Budget:

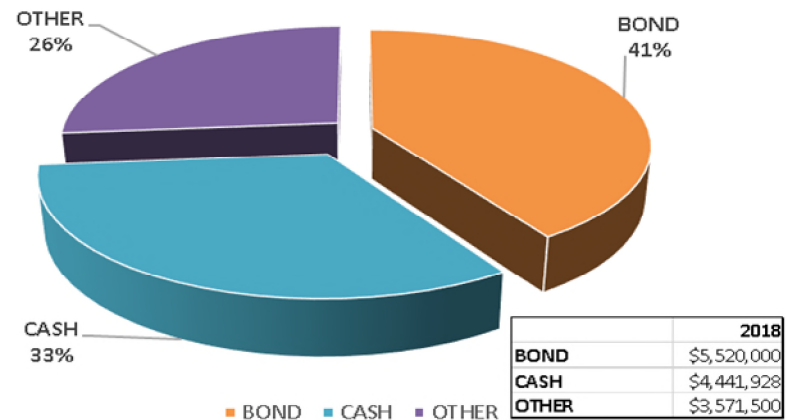
Bond: \$5,520,000
 Cash: \$4,441,928
 Other: \$3,571,500
 Total: \$13,533,428

Amounts spread over Special Town Meeting and Annual Town Meeting, but all are in the Capital Plan

Five Year History By Funding Source



2018



The Non-Exempt Budget and Plan Meet Arlington's 5% Planning Objective

Arlington dedicates 5% of its non-exempt budget to capital expenditures

FY 2018 is within 5% of the FY 2018 adjusted budget

The Five-Year Capital Plan is within 5% of the nominal five year plan developed by the Long Rang Planning Committee

Fiscal Year	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Prior Non-Exempt Debt	\$7,192,219	\$6,096,240	\$5,346,815	\$4,489,902	\$3,823,015	\$26,948,191
Cash	\$4,441,928	\$2,518,309	\$2,539,701	\$2,206,035	\$2,700,544	\$14,406,517
New Non-Exempt Debt Service	\$89,600	\$581,543	\$1,347,776	\$2,597,433	\$2,879,392	\$7,495,744
BAN Interest and Principal	\$0	\$4,000	\$0	\$0	\$0	\$4,000
Total Non-Exempt Tax Burden	\$11,723,747	\$9,200,092	\$9,234,292	\$9,293,370	\$9,402,951	\$48,854,452
Direct funding sources:						
Non-exempt Bond Premium FY2017	(\$2,154,418)					(\$2,154,418)
Rink Enterprise Funds	(\$85,153)	(\$82,591)	(\$79,966)	(\$28,128)	(\$27,078)	(\$302,916)
Ambulance Revolving Fund	(\$53,156)	(\$104,025)	(\$96,070)	(\$82,965)	(\$112,460)	(\$448,676)
Capital Carry Forwards	(\$341,778)	(\$100,000)	(\$100,000)	(\$100,000)	(\$50,000)	(\$691,778)
Antennae Funds	(\$197,000)	(\$190,834)	(\$193,886)	(\$195,922)	(\$197,280)	(\$974,922)
Urban Renewal Fund	(\$43,844)	(\$42,444)	(\$41,044)	(\$39,644)	(\$38,244)	(\$205,219)
Asset Sale Proceeds	(\$500,000)	(\$250,000)				(\$750,000)
Adjust for Roadway Reconstruction Override 2011	(\$452,563)	(\$463,877)	(\$475,474)	(\$487,361)	(\$499,545)	(\$2,378,821)
Adjust for 2016 and prior Bond Premium	(\$589,033)	(\$552,822)	(\$516,611)	(\$260,240)		(\$1,918,706)
Adjust for 2017 encumbered debt service	(\$266,516)					(\$266,516)
Net Non-Exempt Plan	\$7,040,286	\$7,413,499	\$7,731,242	\$8,099,110	\$8,478,344	\$38,762,480
Pro Forma Budget	\$140,827,698	\$147,617,927	\$154,744,444	\$161,921,500	\$169,638,931	\$774,750,501
Budget For Plan at 5%	\$7,041,385	\$7,380,896	\$7,737,222	\$8,096,075	\$8,481,947	\$38,737,525
Plan as % of Revenues	5.00%	5.02%	5.00%	5.00%	5.00%	5.00%
Variance From Budget	\$1,099	(\$32,602)	\$5,981	(\$3,035)	\$3,603	(\$24,955)

Select Expenditures in Budget and Plan

Expenditure	Amount	Exempt/Non-Exempt/Both/Fund	ATM/STM/PLAN
Hardy School Extension	\$3,500,000	Non-Exempt	STM
Gibbs School Project	\$27,000,000	96% Exempt, 4% Non-Exempt	STM
Mystic Street Bridge	\$1,100,000	Non-Exempt	PLAN
DPW Facility	\$10,250,000	Non-exempt	PLAN
Pumper and Ambulance	\$815,000	Non-Exempt	ATM
Senior Center Project	\$4,500,000	Non-Exempt	ATM, PLAN
Water/Sewer	\$12,900,000	Non-Exempt, Fund	ATM, PLAN
Total Five Year Plan	\$61,550,017	Non-Exempt, Fund	STM, ATM, PLAN

Stratton Project Review

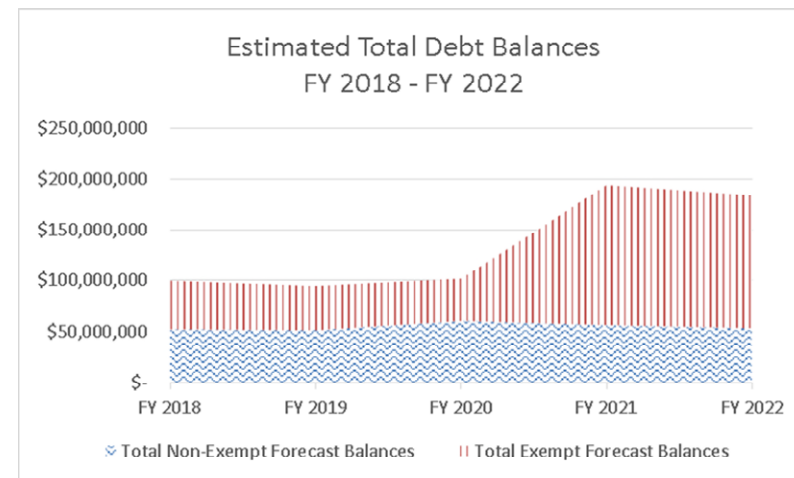
- ▶ MASS Department of Revenue allowed \$2 million more exempt borrowing than the Capital Planning Committee projected to Town Meeting
- ▶ Town owned asset is selling for \$750,000, not \$1,000,000
- ▶ Arlington's Permanent Town Building Committee managed the project to save Arlington \$1,500,000 !!!
- ▶ Surplus is proposed to be applied to Gibbs and Mystic Street Bridge project

Stratton Funding Plan Changes	Plan STM January 2015	Plan Post Nov 2015 Borrowing	Plan Following PTBC Savings May 2017
Total Original Project Cost	\$15,798,000	\$15,798,000	\$15,798,000
PTBC Savings 1 (Money Not Borrowed)			(\$1,000,000)
PTBC Savings 2 (Borrowed But Unused)			(\$500,000)
New Project Cost			\$14,298,000
Non-exempt in 2017 Capital Plan bonding	\$6,319,206	\$6,319,206	\$3,319,000
Prior BAN	\$1,085,000	\$1,085,000	\$1,085,000
Less Unused Debt			(\$500,000)
Total non-exempt Debt	\$7,404,206	\$7,404,206	\$ 3,904,000
Less asset Sale Contribution		(\$750,000)	
Less Increase In Exempt Debt		(\$1,532,206)	
Net Total Non-exempt Debt		\$5,122,000	
Apply Capital Carryforward	1,642,000	1,642,000	1,642,000
Total non exempt contribution	\$9,046,206	\$6,764,000	\$ 5,546,000
Asset Sale Contribution		\$750,000	
Revised Non-exempt Contribution	\$9,046,206	\$7,514,000	
Exempt Debt Applied	\$6,745,794	\$8,779,000	
Exempt Premium		\$488,000	
Exempt Subtotal	\$6,745,794	\$8,747,000	\$8,747,000
Project Total	\$15,798,000	\$15,798,000	\$14,298,000
Sources and Uses of Stratton Savings			
Proceeds from asset sales			\$750,000
Repurposing of unused borrowed funds			\$500,000
Total PTBC Savings			\$1,250,000
Application to Gibbs Project			(\$1,000,000)
Application to Mystic Street Bridge			(\$250,000)
Balance			-

School Facilities Investment

	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Exempt funding	\$0	\$0	\$12,279,000	\$28,000,000	\$0	\$100,000,000	\$0	\$0	\$140,279,000
Non-exempt Capital Plan	\$565,000	\$1,935,000	\$8,404,041	\$4,695,000	\$550,000	\$305,000	\$630,000	\$320,000	\$17,544,041
Total Investment	\$565,000	\$1,935,000	\$20,683,041	\$32,695,000	\$550,000	\$100,305,000	\$630,000	\$320,000	\$157,823,041

- ▶ Expanding school enrollment has been putting pressure on school facilities (Gibbs, Thompson, Hardy)
- ▶ Arlington High School is aged and citizens voted to exclude feasibility study
- ▶ AHS renewal will add significantly to Arlington's total debt in years ahead



Two Projects Funded by Your Capital Budget



Arlington Police HQ Community Safety

Town of Arlington Capital Budget and Plan FY 2018-FY 2022



Arlington Fire HQ Central Station

Thank You